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FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1868
INFO RUEHZU/ASIAN PACIFIC ECONOMIC COOPERATION IMMEDIATE
RUEHNE/AMEMBASSY NEW DELHI IMMEDIATE 8458
RUEHFR/AMEMBASSY PARIS IMMEDIATE 5994
RUEHPF/AMEMBASSY PHNOM PENH IMMEDIATE 0698
RUEHGO/AMEMBASSY RANGOON IMMEDIATE 2309
RUEHVN/AMEMBASSY VIENTIANE IMMEDIATE 1670
RUEHNH/AMCONSUL NAHA IMMEDIATE 8581
RUEHOK/AMCONSUL OSAKA KOBE IMMEDIATE 9854
RUEHKSO/AMCONSUL SAPPORO IMMEDIATE 6792
RUEHGH/AMCONSUL SHANGHAI IMMEDIATE 0344
RUEHBS/USEU BRUSSELS IMMEDIATE
RUEATRS/TREASURY DEPT WASHDC IMMEDIATE
RUEHGV/USMISSION GENEVA IMMEDIATE 3253
RHEHAAA/NSC WASHDC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 000450

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NSC FOR TONG
STATE PASS USTR FOR AUSTR CUTLER, DAUSTR BEEMAN
PARIS FOR USOECD
TREASURY FOR IA - DOHNER, POGGI, HAARSAGER, CARNES
GENEVA ALSO FOR USTR

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TAGS: [ECIN](#) [ECON](#) [PREL](#) [PGOV](#) [APECO](#) [JA](#)
SUBJECT: FOREIGN MINISTRY SEEKS DIALOGUE ON REGIONAL
ARCHITECTURE

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Classified By: Amb. J. Thomas Schieffer. Reason: 1.4 (b,d)

11. (C) Summary: Japanese Foreign Minister Koumura may propose increased dialogue with the United States on regional economic architecture during his February 27 meeting with Secretary Rice. Some in the Foreign Ministry appear concerned Japan is being excluded from U.S. initiatives such as the investment talks with the "P4" countries that could lay the groundwork for a future trans-Pacific free trade agreement and would like to increase discussions with the United States on APEC-based models. Nevertheless, deliberations within the Foreign Ministry on whether to broach this proposal formally have yet to conclude, and no other GOJ agencies, including those likely to oppose an APEC-centered approach such as the Trade and Agriculture Ministries, have been consulted. End summary.

12. (C) In preparation for FM Masahiko Koumura's February 27 meeting with Secretary Rice, the Japanese Ministry of Foreign Affairs (MOFA) is preparing a talking point asking for increased dialogue with the United States on Asian regional architecture, according to MOFA Second North American Affairs Division Director Noriyuki Shikata. Meeting with econoffs February 20, Shikata indicated this proposal had yet to be fully coordinated within the Ministry itself and had not been raised with other relevant GOJ agencies, notably the Ministry of Economy, Trade, and Industry (METI). Nevertheless, MOFA's Economic Affairs Bureau hopes by raising this point in the meeting with the Secretary and, by explaining the background to this relatively anodyne language, there may be an opening to begin to bring U.S. and Japanese thinking on regional architecture more into alignment.

Shikata added MOFA Economic Affairs Deputy Director-General Kusaka would call NSC Asian Affairs Director Tong to convey the same message at 7:00 p.m. Washington time February 20.

¶3. (C) This dialogue on regional architecture, Shikata outlined, would take place between senior officials on both sides and would center on APEC as the primary forum. With Singapore, Japan, and the United States hosting APEC in 2009, 2010, and 2011 respectively, there is a clear opportunity for these three like-minded economies to advance significantly the process of developing a new regional architecture. Shikata suggested initial discussions could take place on the margins of the February 25 APEC CTI Trade Policy Dialogue and during the Senior Officials' Meeting the following week. The dialogue, however, should not be limited to the APEC Senior Officials, Shikata stressed. Other relevant officials, such as from USTR and NSC on the U.S. side, should also participate.

¶4. (C) Shikata said the Japanese had not yet determined on which of the three main models for regional architecture -- ASEAN Plus 3, ASEAN Plus 6, or the APEC-based Free Trade Agreement of the Asia-Pacific (FTAAP) -- to focus its resources. Within MOFA, the North American Affairs and Economic Affairs Bureaus were most inclined to pursue the FTAAP model because it most closely conforms to PM Fukuda's desire to develop a regional architecture that does not exclude the United States, Shikata indicated. Moreover, in contrast to a U.S.-Japan bilateral free trade agreement, whose potential critics are numerous, the FTAAP concept, Shikata observed, is relatively

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more difficult for other offices and agencies to oppose in the Japanese political context. Initial consultations with MOFA's Asia Bureau (which has tended to disregard APEC as a vehicle for regional integration) had been generally positive although these internal discussions had not concluded. METI, though, would not be consulted until later in the process, Shikata added.

¶5. (C) Increased dialogue between the United States and Japan is needed, however, because Japan remains uncertain over U.S. objectives, Shikata noted. He indicated the recent announcement of the discussions between the "P4" countries (Singapore, Chile, Brunei, and New Zealand) and the United States on a possible trans-Pacific investment agreement had raised questions in Tokyo whether the United States is looking to use the P4 as a platform for expanding regional architecture.

Comment

¶6. (C) The U.S. announcement of talks with the P4 appears to have rattled the portions of MOFA charged with handling U.S. affairs who perceive the United States may be developing a set of partners within APEC -- committed to substantial trade and investment liberalization -- that does not include Japan. Nevertheless, it was clear from Shikata's remarks that he was speaking only for a particular faction within MOFA and not for the GOJ. Despite repeated declarations that Japan has yet to embrace any particular model for regional integration, the METI-devised "Closer Economic Partnership with East Asia" (the so-called "ASEAN Plus 6" option), which excludes the United States, remains the only Japanese proposal formally on the table and continues to enjoy support not only within METI but from the Japanese business

community as well. Shikata and his superiors may be maneuvering to shift GOJ policy on regional architecture, but at present, they are clearly not ready to take on METI and the other vested interests (such as the Agriculture Ministry) which have little or no interest in FTAAP.

SCHIEFFER